

**304.17A-754 Application -- Approval and issuance of certificate -- Information to be filed -- Administrative regulations.**

- (1) A business entity seeking to obtain a certificate of registration to act as an insurance purchasing outlet shall complete and file with the executive director of the Kentucky Office of Insurance an application prescribed by the executive director.
- (2) An application shall not be deemed filed until all information necessary to process the application properly has been received by the executive director.
- (3) Within one hundred eighty (180) days of receipt of an application for a certificate of registration, the executive director shall make a determination concerning the application and provide notice to the applicant. If approved, a certificate of registration, in a form prescribed by the executive director, shall be provided to the insurance purchasing outlet.
- (4) The business entity seeking a certificate of registration to act as an insurance purchasing outlet shall file the following with the executive director:
  - (a) Organizational information, including partnership agreements, articles of incorporation, bylaws, and other applicable documents;
  - (b) A business plan, including plan of operations, marketing plan, and financial projections of not less than three (3) years;
  - (c) Appeal procedures for denied enrollment to a health purchasing outlet;
  - (d) Enrollment procedures;
  - (e) Payment procedures;
  - (f) Evidence of financial responsibility to operate as an insurance purchasing outlet in the form of the following:
    1. A fidelity bond in an amount not less than ten percent (10%) of projected annual premiums collected; and
    2. A certificate of an insurer authorized to write legal liability insurance in Kentucky certifying that the insurer has and will keep in effect on behalf of the insurance purchasing outlet a policy of insurance covering the legal liability of the insurance purchasing outlet as a result of erroneous acts or failure to act in its capacity as an insurance purchasing outlet. The policy shall provide indemnification for the benefit of any aggrieved party as a result of each single occurrence in the sum of not less than ten thousand dollars (\$10,000). The policy shall not be terminated unless at least thirty (30) days prior written notice has been given to the executive director and to the insurance purchasing outlet;
  - (g) Biographical affidavits of owners, partners, officers, and directors of the applicant;
  - (h) Identification of any contracted company which manages the insurance purchasing outlet, or any administrator which adjusts or settles claims of the insurance purchasing outlet members;
  - (i) Names and addresses of the principal places of business of the applicants;
  - (j) Geographic area to be serviced;

- (k) Requirements for membership and participation in the insurance purchasing outlet;
  - (l) Name and address of each participating insurer, if known;
  - (m) Proposed health benefit plan to be offered, if known; and
  - (n) Any other information required by the executive director to evaluate the applicant's suitability as an insurance purchasing outlet.
- (5) Any information filed by an insurance purchasing outlet pursuant to subsection (4) of this section that changes shall be refiled with the executive director for approval.
- (6) The executive director may promulgate administrative regulations to establish standards in accordance with subsection (4) of this section.

**Effective:** July 15, 2002

**History:**Created 2002 Ky. Acts ch. 207, sec. 3, effective July 15, 2002.

**Legislative Research Commission Note** (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.